SUPREME COURT, U.S.
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No. 03-409

IN THE

Supreme Court of the United States

KP PERMANENT MAKE-UP, INC, PETITIONER

v.

LASTING IMPRESSION I, INC;
MCN INTERNATIONAL, INC.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

REPLY BRIEF FOR PETITIONER

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A. INTRODUCTION

Respondents' framing (or mis-framing) of the Question Presented offers an opportunity to refute Respondents' main contention that the words "used fairly," as they appear in Section 33b(4) of the Lanham Act, prohibits uses that are likely to confuse consumers. Respondents frame the issue as, "Whether an *incontestable trademark* can be "used fairly" within the meaning of 15 USC §1115(b)(4), ... " (Resp. Br. i.) The facts presented in this case however, do not involve Petitioner KP's use of Respondent's *incontestable mark*; rather KP is accused of using the most "*salient feature*" of Respondent's incontestable mark. Pet. App. 15a. The incontestable mark in question is a logo mark. J.A. 211. It is undisputed that KP is not and has not used the actual logo. Instead KP has used the descriptive, if not generic words contained within the logo, ie., namely, micro colors. KP makes this distinction, because as will be seen herein, (Section E, infra), there are many instances where it would be incredibly unfair to disallow the fair use defense with respect to descriptive and/or generic words contained within a logo mark, even though there may be a resulting likelihood of confusion if the defense is allowed.

It is especially interesting to note that out of all the amici briefs filed in this case, no one-- not even respondents' own amici -- defends the Ninth Circuit's view that proof of non- confusion is an element of the fair use defense. Everyone, from the United States government to the International Trademark Association to expert law professors to the American Intellectual Property Law Association agrees that the

Ninth Circuit's holding is wrong. So do respondents' amici: "contrary to the decision of the court of appeals, the fair use defense does not require that there be no likelihood of confusion." Amicus Br. for the Society of Permanent Cosmetic Professionals, et al., at 5; see also id. at 7, 10-11.

Indeed, toward the end of their brief, respondents seem to concede that perhaps, in at least some cases, there can be fair use and a likelihood of confusion, when they write, "Even if the Court were to reject the view that a finding of likelihood of confusion should always preclude a defense that the mark is being "used fairly", the Court should recognize that "used fairly" must be given some meaning." (Resp. Br. 49) It should not come as a surprise that Respondents write in the subjunctive tense because there is no answer to the riddle posed by many: "If the fair use defense cannot be considered when there is a likelihood of confusion, then what is its purpose?" The affirmative defense comes into play only when infringement, including a likelihood of confusion, has been established. A defense which can be considered only when the prima facie case has failed is of course, of no use.

B.
TRADEMARK PROTECTION IS NOT ABSOLUTE

The fact that Freedom of Speech is embedded in the very first amendment to the U.S. Constitution and that trademark law is only obliquely referred to[1] in the

[1] In fact the Constitution makes no direct reference to trademarks. In *the Trade-Mark Cases*, 100 U.S. 82, 25 L. Ed. 550 (1879) the Supreme Court rejected the argument that Congress has the power under the patent and copyright clause of the Constitution (art. 1 § 8 cl. 8) to regulate trademarks. That clause grants to Congress the power "to promote the progress of science and the useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries." The Supreme Court said that trademarks have no relation to invention and discovery or to original "writings," as a trademark is "simply founded on priority of appropriation." *McCarthy on Trademarks*, §5.3. The power of the federal government to provide for trademark registration comes only under its "Commerce Power."

Constitution indicates that the founders of this country placed far more priority on freedom of speech than on giving limited monopolies in the choice of words to business owners. In most circumstances involving the use of trademarks, there does not appear to be any real conflict of values between preserving the rights of free speech, protecting consumers from confusion, and allowing businesses to build up good will in a name, and in encouraging them to do so. The Lanham Act, and in particular the affirmative defenses to trademark infringement, embody a careful congressional balance of competing legislative purposes -- a carefully calibrated desire to enhance competition and the flow of information to consumers, as well as to prevent consumer confusion.

By reworking the fair use defense in a manner that would permit plaintiffs to proscribe even the reasonable and good faith uses of a term solely to describe a product would fundamentally skew the balance that Congress struck. The limited judicial task of construing the plain terms of the fair use defense should not serve as a vehicle for respondents to obtain from the courts degrees of protection that they could not obtain from Congress. The trademark holder should not be able to circumvent that inherent and essential limitations placed by Congress on the scope of

its mark merely by showing that some consumers might be confused. Indeed, allowing the mark holder to establish infringement based on the purely descriptive use of a word would **expand**, rather than enforce, the holder's existing rights in the trademark.

Trademark protection has its limits; it is not absolute. When the application of trademark laws begin to infringe upon or conflict with our principals of free speech, our values collide, and we must make a choice. In these circumstances, the courts must decide, which of our values takes precedence? What is the fair thing to do? This is an example of the meaning of "used fairly" that is embedded in the fair use defense. "Used Fairly", as used in the statute, does not mean an absence of likelihood of confusion. Otherwise the statute would say "an absence of likelihood of confusion" rather than used fairly.[2]

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[2] When Congress wishes to make proof of consumer confusion relevant to trademark claims, it says so explicitly. See 15 U.S.C. 1051(a)(3)(D) (application to register trademark requires averment that no one else has the right to use the mark in a manner "as to be likely * * * to cause confusion, or to cause mistake, or to deceive"), and (b)(3)(D) (same for application to register based on bona fide intention to use trademark); 15 U.S.C. 1052(d) (prohibiting registration of trademarks that "so resembles" existing trademarks as "to cause confusion, or to cause mistake, or to deceive"); 15 U.S.C. 1066 (same for declaration of interference with a registered trademark by the Director of the United States Patent and Trademark Office); 15 U.S.C. 1114(1) (proof of use in a manner "to cause confusion, or to cause mistake, or to deceive" is an element of trademark infringement); 15 U.S.C. 1125(a)(1)(A) (same for proof of unfair competition claim); 15 U.S.C. 1127 (same for definition of "colorable imitation").

C.
THE WORDS "USED FAIRLY" IMPLY A CONSIDERATION OF NUMEROUS FACTORS, INCLUDING CONSIDERING FREE SPEECH

Fair is one of those words, like reasonable, that is hard to define, but we trust a fact finder to make the determination of whether or not it exists. In the case at hand, used fairly refers to whether or not it is fair to allow the alleged infringer to use another's mark within the given circumstances of a case, even if likelihood of confusion may result. So, in other words, the focus is not on likelihood of confusion, but rather on fairness. It is certainly true that many of the factors involved in determining what constitutes fair use are the same as those involved in the determination of likelihood of confusion. But to go from there and say there cannot be a fair use if there is a likelihood of confusion is logically untenable.

Fair in this context is used to refer to the equitable powers of the court to do equity; not to strike down the use of a descriptive mark by another simply because there is also a likelihood of confusion. And in this context, a fairness inquiry most often relates to the good faith and intent of the advocate of the fair use defense, taking into account the advocate's right to free speech. In addition, a fairness inquiry permits, but not demands, the court to consider other factors that perhaps coincide with some of the same factors that make up part of the likelihood of confusion analysis. However, fairness, like the word, reasonable, is hard to define, and as such, it would make little sense to require an objective standard test with a court required to undergo a rigid analysis under rigid guidelines. Fairness is something that courts decide from the gut.

Just like the term reasonable. Neither term can be defined adequately.

D.
THE STATUTE ENABLES COURTS TO UNDERTAKE A "USED FAIRLY AND IN GOOD FAITH" ANALYSIS INDEPENDENTLY OF APPLYING A LIKELIHOOD OF CONFUSION ANAYLSIS

A natural reading of the Fair Use Statute invites a Court to examine a particular fact situation and decide whether or not the use in question is fair, independent of applying a likelihood of confusion analysis. Fairness is a fact specific inquiry. One archetype example where it generally would be fair to permit uses that are likely to confuse consumers is the logo mark that contains a descriptive term that is also the most salient feature of the mark. Sometimes the USPTO requires the trademark applicant to disclaim the exclusive right to the obviously descriptive term contained within the mark, as in LITE owned by Miller (US Trademark Reg. No. 1385379), SWEATS (Now Expired US Trademark Reg. No. 1235727), BEST BUY (US Trademark Reg. No's 1657622, 2196852) and MICRO NEEDLES, J.A.215-216. Sometimes descriptive terms within a logo mark escape the attention of the examining attorney and the logo mark with the descriptive term is registered without a disclaimer. Examples of this include BEST BUY (US Trademark Reg. No. 2539223), BEST FOODS (US Trademark Reg. No. 0565259), and MICRO COLORS. J.A. 211. As we see in the case of Best Buy, the same mark was accorded different status by different examiners. The newest registration does not require a

disclaimer as to the words best buy, but the older ones do. The following examples help illustrate this point.

The word BEST is obviously a descriptive word and is probably one of the most sought after words that businesses desire to use in their marketing. Best Foods and Best Buy come to mind. The consumer electronics store BEST BUY probably wants to convey to consumers that they offer the best buy in consumer electronics, hence they adopted the name BEST BUY and naturally obtained a trademark registration of a logo featuring the words BEST BUY inside what appears to be a price tag. The company was at first required to disclaim the use of the words best buy apart from the logo. (Trademark Reg. No's: 1657622, 2196852) Some years later, the Best Buy company registered a different but similar logo mark. This mark also contained the words BEST BUY, but the price tag had legs and arms. For this later registration, the USPTO did not require the Best Buy company to disclaim the words best buy. (Trademark Registration No. 2539223 and Serial Number 75936029).

Suppose a competitor, such as Mark's Electronics wants to convey to consumers that Mark's Electronics is the place to go for the best buy in consumer electronics, and it starts advertising via radio, "Go to Mark's Electronics for the best buy in stereo or computer equipment", or "For the Best Buy in computer or stereo equipment, go to Mark's Electronics at 123 Main Street." Naturally the Best Buy company might get agitated and sue claiming a likelihood of confusion. Assuming there is a likelihood of confusion and Mark's uses the words "best buy" to truthfully describe his own goods and services and not as a mark, and in good faith (because Mark's actually has the best buys, not Best Buy), then the question

remains, is it fair to prevent Mark from telling the world that he has the best buys in consumer electronics?

Let's go a step further and suppose that the Best Buy chain decided to raise its prices so much so that Best Buy actually offered shoppers the worst buy in consumer electronics. Under this scenario, if respondents prevail and the Ninth Circuit decision is not reversed, then words such as best buy will lose their ordinary meaning, and someone with a trademark like Best Buy can actually have the worst buy and prevent competitors from advertising that the competitors actually have the best buy, as opposed to the chain BEST BUY, which in this scenario, has a terrible buy.

These two scenarios illustrate the purpose of the words "used fairly" as contained within the text of 15 U.S.C. §1115(b)(4). Applying the statute to the scenarios, one would imagine that a court would consider the free speech issue, in conjunction with "used fairly and in good faith", and rule that: (1) It is fair to allow Mark to use the words "best buy"; (2) Best buy are common descriptive words; and (3) The retail chain BEST BUY should have thought that confusion would eventually result from using such common descriptive words when they selected their mark, and any confusion that results is their own fault for attempting to monopolize the English language.

Returning now to the Best Buy example, suppose Mark's Electronic's actually offered consumers one of the worst buys as opposed to "the best buy" or "one of the best buys", and Mark's advertised it was the place to go for the best buy purely to play off the likely confusion with the chain Best Buy. In this scenario, Mark's use of the words, best buy would not be in good

faith and one might argue it would be unfair to allow Mark to avail himself of the fair use defense.

So, as we see, with the obviously descriptive words best buy, we have different results based on the intent of the user. In the first two instances, there was good faith, so it was fair to let Mark use the words best buy, despite the likelihood of confusion. In the last example, there was no good faith by Mark, and it would be unfair to allow Mark to likely confuse the public. The word fair is tied up with the word good faith. It is difficult to think of a scenario where a descriptive term is used in good faith, but arguably, not fairly. Here, however, is one potential scenario: Suppose now that Mark's Electronics advertised its store as the place to go for the Best Buy, thinking in good faith that its ad was true, but as it turns out, Best Buy actually has the best buy. Here, good faith is met, but is it fair to allow Mark to advertise in this way? Perhaps yes. Perhaps no. In either event, the relevant issue is one of fairness, not likelihood of confusion. Someone must decide if the use is fair, not whether or not it is likely to confuse.

Of course this dilemma almost only seems to occur with descriptive marks that have obtained secondary meaning. It is hard to imagine a scenario where the fair use defense would even apply with an arbitrary mark. Take Apple for instance, as in the computer firm. It is difficult to imagine a situation in which one could use the word apple in a descriptive sense to describe computers without intending to refer to the Apple brand of computers. When you consider that the words "descriptive" and "describe" are written into the language of the fair use defense, then it makes

sense to conclude that the defense most likely would only arise with respect to descriptive terms.[3]

E.
AFFIRMANCE WOULD CHILL COMMERCIAL FREE SPEECH

Now let's examine the disastrous effects the Ninth Circuit's ruling would have on the Best Buy scenario if the Ninth Circuit's ruling is affirmed? The Best Buy Trademark Reg. No. 2539223 is a logo mark that contains the words Best Buy within what appears to be a price tag with arms and legs. Within a relatively short period of time the mark will be eligible for Section 15 protection, giving it the status of an incontestable mark. At that time, Best Buy might naturally argue, that the words best buy are the most prominent part of the mark, and pursuant to the doctrine of *Park n Fly*, are presumed to have acquired a secondary meaning. That would leave Best Buy free

[3] Respondents try to confuse this issue by mentioning that its mark is incontestable and hence it is conclusively presumed to have secondary meaning. (Respondent's brief at footnote 8.) A legal presumption for one purpose does not make the presumption applicable or true for all purposes. In this case, Professor McCarthy, one of the authors of the Respondent's brief, states in his treatise: [I]n the author's opinion [the] better view is that one can make a non-infringing, descriptive fair use even if the senior user is not using the term in a descriptive sense with its goods or services. That is, the key is the junior user's descriptive use, not the senior user's descriptive use. *McCarthy on Trademark and Unfair Competition* §11:45 (4th ed. 2001). The Ninth Circuit have similarly stated, "We similarly have allowed classic fair use of a suggestive mark, which carries both an unprotectable primary meaning and a protected secondary meaning." *Brother Records, Inc. v. Jardine*, 318 F.3d 900, 907 (9th Cir. 2003).

to attack anyone that wanted to advertise that their store offered the best buy. If the Ninth Circuit is not reversed, any of Best Buys competitors will have to prove an absence of likelihood of confusion. This will be extremely difficult, if not impossible to do, because confusion will surely result from the pure descriptive nature of the words best buy. Hence the chain Best Buy would be able to remove the words best buy from the lexicon of its competitors. Worse, as a consequence of the Ninth Circuit's decision in *Playboy Enterprises, Inc. v. Netscape Communications, Corporation*, 354 F. 3d 1020 (9th Cir. 2004), Best Buy, the corporation, could take legal action against any individual wanting to use the words best buy as metatags on its website, or "key" advertisements to the words "best buy."[4] And what really makes this scenario terrible is the fact that, in this example, Best Buy, would be able to do all this, while raising its prices so high that it could conceivably have the worst buy as opposed to the best buy.

The only way to prevent what would be catastrophic to the English language is for this court to follow the rule of the 2nd Circuit in *Cosmetically Sealed Industries, Inc., v. Chesebrough-Pond's USA Co.*, (2nd Cir. 1997) 125 F. 3d 28, and hold that "Fair use is a

[4] The tension between trademark law and free speech becomes even more poignant today when one considers that with the advent of the internet, anyone can start a business on-line with relatively few dollars, by simply obtaining a website and signing up with Yahoo Stores, where for a few dollars a month, one is instantly in business. Moreover, someone who is not even in business, could use a descriptive word within a noncommercial website or on a message board, and suffer the wrath of a disgruntled trademark registrant intent on shutting down any use at all of a descriptive term that happens to be the most prominent term included within that trademark registrant's logo mark.

defense to liability under the Lanham Act even if a defendant's conduct would otherwise constitute infringement of another's trademark."

This same analysis can be repeated with Best Foods, (Trademark registration 0565259, Serial Number 71612583). The Best Foods mark is registered with the words Best Foods in stylized form without a disclaimer as to the words best foods. Shouldn't Sally be able to advertise that her restaurant offers the best food without fear of inviting a lawsuit? Shouldn't Ted be able to advertise and/or attract viewers on the internet via metatags and keying banner ads to search terms that include best food? Does consumer confusion really matter here? Not at all. Electronic stores, restaurants, and food suppliers all claim to have the best products or prices. Consumers already know to treat these claims with caution.

A similar argument can be made with the words park and fly. The Fair Use defense was not discussed in the *Park N' Fly* case. It if had been before this Court, this Court then would have had the opportunity to prevent the anomaly of giving the Park N'Fly Corporation a commercial monopoly on the words park and fly in connection with airport parking. Why shouldn't Joe be able to open a parking lot next to an airport and prominently advertise his parking lot with the words, Park and Fly? Does it really matter if confusion existed in this circumstance?

The facts in this case now before this Court offers a perfect illustration of the chilling effects an affirmance would have on free speech. Tattooing is a name of a company that is a competitor to both KP and respondents. Their brochure appears in the joint appendix at JA193-194. There is a handwritten date of 10/24/98 followed by Miami, FL on the front of the

brochure. JA 193. At JA 194, Tattooing boldly assert in the most descriptive sense, if not generic sense, that "OUR MICRO COLORS ARE THE BEST IN THE WORLD." The use by Tattooing in this illustration is purely descriptive, if not generic. It is obvious no trademark use is intended. In fact, by just glancing at the document, it is difficult to find this statement at all. Yet it appears as the first sentence in the first paragraph of the company description. Almost two years later, on September 18, 2000, Tattooing promised respondents' counsel of record never again to use the words micro colors "in its course of business or *personal* affairs". (emphasis added) JA 237. Nobody could conceivably find a likelihood of confusion between respondents' products and Tattooing's products from Tattooing's bold assertion in Tattooing's brochure that Tattooing had the best micro colors in the world. Yet, Nicole Torres, the owner of Tattooing made an outrageous promise to never say micro colors, even in her private life, presumably because it was easier to eliminate those words from her vocabulary than to finance a federal lawsuit. People like Ms. Torres need to know that the courts will not allow the law of trademarks to run rampant over their rights to free speech.

The fair use defense is a safety valve designed to give the public confidence in knowing that aggressive trademark owners seeking to gain monopoly power over words will not be able to interfere with the public's ability to use words in their ordinary meaning within the course of their business and within the scope of their personal affairs. Imagine the outrageous demands respondents might make if the fair use defense gets thrown out the window under a guise of protecting consumers from confusion. Would

Respondents threaten to arrest Ms. Torres or her employees if any of them whisper "micro color?"

When faced with words that are descriptive, but yet incorporated into trademarks or are themselves a trademark, confusion will be likely, but not due to any secondary meaning the holder of such a descriptive mark may have acquired, but rather due to the purely descriptive nature of the mark. The only alternative available to preserve commercial free speech is to allow a robust fair use defense irrespective of whether or not there may be likelihood of confusion. Allowing commercial free speech will not harm the interests of strong trademark holders. Only those with weak descriptive marks need to be concerned. But, that is their fault for choosing such a descriptive word in the first place. To alleviate this potential problem, the fair use defense was enacted.

F.
RESPONDENTS' READING OF THE LEGISLATIVE HISTORY IS FLAWED

Respondents are simply wrong to contend that, prior to 1988, "An owner of an incontestable mark could establish liability for infringement under the Lanham Act, as originally enacted, without having to marshal evidence to show a likelihood of confusion." Resp. Br. 42. Everything points to the contrary. Prior to the 1988 amendment to Section 1115(b), the courts of appeals consistently required parties alleging infringement of an incontestable mark to prove likelihood of confusion as an element of liability. See, e.g., *Miss World, Ltd. v. Mrs. America Pageants, Inc.*, 856 F.2d 1445, 1448 (9th Cir. 1988) (requiring proof of likely confusion to establish infringement of

incontestable mark); *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1186-87 (6th Cir. 1988) (same); *Beer Nuts, Inc. v. Clover Club Foods Co.*, 805 F.2d 920, 924-25, 928 (10th Cir. 1986) (same); *Oreck Corp. v. U.S. Floor Systems, Inc.*, 803 F.2d 166, 167, 170-71 (5th Cir. 1986) (same); *Bandag, Inc. v. Al Bolser's Tire Stores, Inc.*, 750 F.2d 903, 911 & n.12 (Fed. Cir. 1984) (same); *Henri's Food Products Co., Inc. v. Kraft, Inc.*, 717 F.2d 352, 354 (7th Cir. 1983) (same); *David Sherman Corp. v. Heublein, Inc.*, 340 F.2d 377, 379 (8th Cir. 1965) (Blackmun, J.) (same); *Armstrong Cork Co. v. World Carpets, Inc.*, 597 F.2d 496, 499, 500-01 (5th Cir. 1979) (same); *John R. Thompson Co. v. Holloway*, 366 F.2d 108, 114 (5th Cir. 1966) (same); *Sun-Maid Raisin Growers of Cal. v. Sunaid Food*, 356 F.2d 467, 468 (5th Cir. 1965) (same).

This Court indicated as much in *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189 (1985). After finding, in a case that predates the 1988 amendments, that the mark was incontestable, this Court remanded for the court of appeals to address respondent's argument that "there is no likelihood of confusion and therefore no infringement justifying injunctive relief." *Id.* at 205. That remand would have been utterly pointless if, as respondents contend, no proof of confusion was required to establish infringement prior to the 1988 amendments.

The Court need not take petitioner's word for it. Counsel for respondent, Professor J. Thomas McCarthy himself, in an amicus brief filed in the *Park 'N Fly* case, argued strongly that the view that the incontestable status of a mark precluded the need to prove infringement was "not a reasonable interpretation" of the law. Amicus Br., American Intellectual Property Law Ass'n, *et al.*, at 7, *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, No. 83-1132. As that brief explained,

"'Incontestability' is limited to the validity of the mark and does not eliminate the necessity of the registrant to prove infringement by likely confusion caused by defendant's conduct." *Id.* at 7-8.

Respondents' reliance (Br. 44) on a statement by the United States Trademark Association in the legislative history of the 1988 amendments is likewise misplaced. Respondents' rely on the Trademark Association's statement that: "Read literally, this would mean that if a defendant's mark is very similar and is used on the same goods as those in the [incontestable] registration, infringement would be automatic and the registrant would be relieved of his burden of proving likely confusion." The problem for respondents is what the Trademark Association said in the very next sentences -- text that respondents conveniently ignore. Here is the complete quote:

> Read literally, this would mean that if a defendant's mark is very similar and is used on the same goods as those in the [incontestable] registration, infringement would be automatic and the registrant would be relieved of his burden of proving likely confusion. **But this is inconsistent with Section 32(1)(a), which defines infringement as use which is "likely to cause confusion, or to cause mistake, or to deceive."** *Hearing before the Subcomm. on Patents, Copyrights and Trademarks of the Senate Comm. on the Judiciary*, 100th Cong., 2d Sess. 137 (March 15, 1988) (submission of U.S. Trademark Ass'n) (emphasis added).

Indeed, the Trademark Association then elaborated: Some courts have noted in passing that incontestable status does not relieve the registrant of proving infringement, or likelihood of confusion. * * * The [United States Trademark Review] Commission believes that any doubt on this fundamental point should be eliminated. **Trademark infringement cannot be proved without likelihood of confusion, there being no trademark rights in gross or in the abstract. There is no evidence that the draftsmen of the Act intended otherwise.** *Ibid.* (emphasis added; footnote with case citations omitted).

Unable to ground their position in statutory text or legislative history, respondents discuss at great length the role of consumer confusion in common law cases concerning the tort of unfair competition. But KP has never disputed that consumer confusion has historically played and continues to play an important role in infringement and unfair competition actions. The issue in this case is which party bears the burden of proving consumer confusion or the absence thereof. The Lanham Act quite explicitly puts that burden on the plaintiff. See 15 U.S.C. 1114(1), 1115(a), 1125(a)(1)(A). Nothing in the text of the Lanham Act requires counter-point proof of non-confusion as part of the fair use defense. And placing the burden of proving confusion on the **plaintiff** is precisely what the common law tort of unfair competition did. See, e.g., *Norwich Pharmacal Co. v. Sterling Drug, Inc.*, 271 F.2d 569 (2d Cir. 1959); *National Conf. of Bar Examiners v. Multistate Legal Studies, Inc.*, 692 F.2d 478 (7th Cir. 1982); *Allstate Ins. Co. v. Allstate Inv. Corp.*, 210 F. Supp. 25 (W.D. La. 1962); *Zippo Mfg. Co. v. Rogers Imports, Inc.*, 216 F. Supp. 670 (S.D.N.Y. 1963); *Wise v.*

Bristol-Myers Co., 107 F. Supp. 800 (S.D.N.Y. 1952); *Clairol Inc. v. Gillette Co.*, 270 F. Supp. 371 (E.D.N.Y. 1967); *Gelles-Widmer Co. v. Milton Bradley Co.*, 313 F.2d 143 (7th Cir. 1963); *Anderson v. National Broadcasting Co.*, 178 F. Supp. 762 (S.D.N.Y. 1959); *Ezee Stone Cutter Mfg. Co. v. Southwest Indus. Prods.*, 262 F.2d 183 (8th Cir. 1958); *Locatelli, Inc.* v. *Tomaiuoli*, 129 F. Supp. 630 (D.N.J. 1955); *A.Y. McDonald & Morrison Mfg. Co. v. H. Mueller Mfg. Co.*, 183 F. 972 (8th Cir. 1910).

G.
THIS COURT SHOULD EXERCISE ITS DISCRETION UNDER RULE 24.1(a) AND REVERSE THE NINTH CIRCUIT ON THE GENERICNESS ISSUE

Although KP did not present the question of whether "micro colors" was generic or not in its petition for writ of certiorari, the resolution of this question is relevant to the fair use question that is before the Court. Respondent urges this court to go beyond the Question Presented and find that KP used the words "micro colors" as a trademark and/or that KP was not the prior user.[5] Resp. Br. fn22. If this Court goes

[5] Respondents' attempts to argue the facts is misplaced. Both the district court and the appellate court found that KP had prior use of the term micro colors. Respondents' references to pictures of bottles produced by KP are a red herring. Those bottles appearing in the appendix were all tester bottles given away for free to cosmetologists in 1989 and 1990. (Deposition of Theresa Kim Plante, pages 139-143) Those sample bottles produced in 1989 and 1990 do not negate the claim that KP used the term microcolor on its labels since 1991. Further, the appearance of the term micro color on just one page of a ten page brochure does not constitute use as a mark. KP also disputes respondents' suggestions that respondents' goods are superior to KP's goods, and that in order to protect the public, trademark laws must prevail over free speech. The issue of whose goods are superior was never before any of the Courts, and is completely irrelevant to the issues at hand. Clearly, if it were relevant, KP could produce its set of arguments to the contrary. In addition, respondents' argument that in order to protect the public in connection with a substance such as micro colors which are injected into the skin, a court must entertain a likelihood of confusion analysis misses the point. If consumer safety is indeed an issue, that is a matter that should be taken up by the FDA. FDA regulations should be considered separate and apart from trademark law.

there and examines the record, it will find that rather than using the term as a trademark, KP has instead used the term in a generic sense. Hence the use of the words "micro colors" on KP's labels as simply KP Microcolor: Black, for example.

Furthermore, the use of micro colors as a generic term by Tattooing (J.A. 193-194), and the Ninth Circuit's failure to even acknowledge this piece of evidence, is enough to justify the reversal of the Ninth Circuit's ruling that "A reasonably minded jury could not conclude from the evidence produced that "micro colors" is a generic term." Pet. App. 14a. The Ninth Circuit committed plain error and if this Court is inclined to examine the record in detail, as respondents and their amici urge, at the same time, this Court should exercise its discretion to reverse the grant of summary adjudication on the genericness issue. The District Court Judge was indeed correct on this issue as well as on the fair use issue.

H.
CONCLUSION

The solution to the riddle, "What is the purpose of the fair use defense if it cannot be considered when there is a likelihood of confusion?" is quite simple. Reject the premise, and hold that fair use can apply regardless of whether or not there is a likelihood of confusion. Those applying for trademarks should be warned: select a descriptive term as your trademark, or incorporate a generic and/or descriptive term into your logo, at your peril. Although trademark rights may eventually accrue, the trademark rights will never pre-empt the rights of others to use, fairly and in good faith, the descriptive and/or generic term, otherwise than as a mark, to describe its goods or services, even if there will be a resulting likelihood of confusion.

Dated this 19th day of August, 2004

Respectfully submitted,

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